

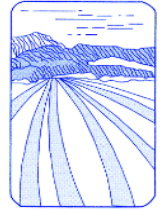


Oregon

Theodore R. Kulongoski, Governor

Department of Agriculture

635 Capitol Street NE
Salem, OR 97301-2532



February 26, 2013

Senator Chris Edwards and Representative Ben Unger, Co-Chairs
Joint Ways and Means Subcommittee on Natural Resources
900 Court St. NE, Room 453
Salem, Oregon 97301

Dear Co-Chairs Edwards and Unger:

Thank you for the opportunity to discuss the Oregon Department of Agriculture's mission, activities, accomplishments, and budget with you this week. Below are the department's responses to questions raised during Day 1 of our budget hearings.

1. Farm to School programs at the Oregon Departments of Agriculture and Education

a. In addition to administering the grants, what else does ODA do? What does the staff do?

Farm to School grants are administered by the Oregon Department of Education, but the Oregon Department of Agriculture has worked closely with the Oregon Department of Education (ODE) on the grant program.

ODA significantly contributed to the development of the Request for Applications and the evaluation plan for the pilot Farm to School grant program administered by ODE. ODA also supported the grantee selection process by reviewing and scoring grants. ODA's FoodCorps Fellow continues to support two grantees (Bend/LaPine and the North Powder School Districts) to ensure successful program implementation.

ODA's Farm to School Program strategic work areas were identified using the philosophy that in order to get kids to eat Oregon agricultural products at school, it is critical that Oregon agricultural products are promoted within the cafeteria, classroom, and the community. Strategic work areas for 2013-2014 include the following.

- Reduce barriers to entry and engage Oregon food producers, processors and manufacturers in the local, regional and national school food market in order to increase production, purchase, and promotion of Oregon agricultural products.
- Host FoodCorps, a national service program, to build the capacity of Oregon communities to implement farm to school activities in Oregon communities.
- Support effective local, regional and national public-private partnerships in order to propel farm to school activities across Oregon.
- Conduct research and evaluation in order to: (1) Establish progress towards ODA farm to school program outcome measures; (2) Address critical knowledge gaps that create barriers to entry, and (3) Ensure efficient and successful implementation of farm to school programs and practices.

- Pursue strategic media and communications in order to help tell the story of Oregon agriculture while improving Oregonian's knowledge and attitudes towards purchasing, promoting and consuming Oregon foods.

Major accomplishments of the Farm to School program and coordinator at ODA from 2009-2012 include the following.

- Held two annual "Farm to School Showcases" in partnership with Ecotrust and funding from Spirit Mountain Casino. A total of 25 vendors and organizations (Trawl Commission, Beef Council, and Oregon Cattleman's Association) participated in a featured showcase for the 250+ school food buyers in Oregon.
- Planned and attended a juried, invitation only showcase, hosted at the annual School Food FOCUS annual meeting in Chicago, IL. As a result, ODA was able to increase Oregon companies' presence in the regional and national school food market.
- Managed Oregon's FoodCorps Program. Oregon was selected as one of ten states to participate in the new national Farm to School and school garden service program that places young adults in high-need communities to connect children with healthy food.
- Managed two contractors to act as School Garden Coordinators, one each in the North Powder and the Salem-Keizer school districts.
- Launched a Boat-to-School campaign focused on providing school food services across the state with the knowledge, skills, and tools needed to procure, prepare, serve and promote local seafood in school meal programs.
- Directed development, implementation and evaluation of "Celebrate Oregon Agriculture" a multimedia platform campaign including TV, print and web components.
- Created and taught the "Theory of Food and Garden-based Education in School Settings Module" for the School Garden Teachers Certificate Training Program, a 3-credit course that has trained over 200 teachers and others in best practices for program development and evaluation.

b. Which place have you had the programs the longest? Have you had a Farm to School program in a school district for 6 years?

The first farm to school district in Oregon was in 2006 in the Bend/LaPine school district. In Oregon, 558 of 1,315 (58%) schools purchased Oregon fruits and/or vegetables at least once in 2011. Of the 36 Oregon counties, 28 counties have at least one school procuring Oregon fruits and vegetables for school lunch. In total, of the 554,205 students in Oregon public schools, approximately 259,653 (47%) were served Oregon fruits and/or vegetables at least once during 2011. These numbers represent an opportunity as we do not currently track how much, and of what, Oregon products are being served and how often, on a statewide basis. As of 2013, there are 394 school gardens statewide.

c. Have participating districts seen reductions in hunger rates, obesity rates, and how have they affected school food costs? Is the need for the grants a demonstration that it is more expensive to buy local food?

Hunger: In essence, the National School Lunch and Breakfast Program, and the Fresh Fruit and Vegetable Program, were designed as nutritional safety nets for hungry children. Statewide, 53% of the children in Oregon qualify for free or reduced priced meals. This means that more than half the children in Oregon rely on the quality of school meals for their daily nutrition. To

the extent that Farm to School programs increase the quality of food offerings schools serve, they address childhood hunger at the individual level. Further, farm to school programs have been identified as a systemic solution to address hunger in Oregon because they cultivate a strong regional food system (See the Partners for a Hunger Free Oregon's 2011 Call to Action: *Ending Hunger Before It Begins: Oregon's Call to Action*).

Obesity: The Oregon Department of Agriculture is working with the CDC, USDA, and others is to institutionalize tracking mechanisms that monitor participation in farm to school programming with impacts on children's health and wellness. This is a multi-year process. To date, no one has documented participation in an Oregon farm to school program with a reduction in childhood obesity, because no one has researched this question. That said, there is growing body of empirical evidence that shows farm to school components have shown promise in increasing children's access to healthier foods, particularly fresh fruits and vegetables and minimally processed foods, as well as increasing their knowledge of and desire to eat such foods and their consumption of healthier foods. These outcomes are effective in reducing childhood obesity if the increased consumption of produce and minimally processed foods displaces consumption of other higher-calorie foods and reduces overall caloric intake. The more program components that a specific Farm to School program incorporates, and the more integrated the program components are, the more likely a Farm to School program is to be effective at accomplishing these outcomes. Last year the journal *Childhood Obesity* put out a special feature on school food (August 2012 | Volume 8, Number 4) and included an article from the Oregon Department of Agriculture on how two school districts in Oregon utilized farm to school as a strategy to improve farmers' market competitiveness, students academic achievement, and address obesity (Available online at <http://online.liebertpub.com/doi/abs/10.1089/chi.2012.0048>).

School food costs: Food costs per student vary between districts and schools. They range from \$.80-\$1.25 per meal per student. There are numerous operation models from self-operated school districts to ones that have food service management companies. To date, there is no correlation between food costs per student and participation in a farm to school program. Local foods can be, or may not be, more expensive. There are numerous factors that affect food and labor costs, and these differ around the state.

d. How much funding has gone to local schools through the Farm to School grant program?

The pilot Farm to School grants, which were awarded this biennium, went to 11 school districts for a total of \$189,140. The majority of the funds (87.5%) were spent on purchasing Oregon food products, and 12.5% of the funds were dedicated to food, agriculture, and garden-based education activities.

2. Return on investment from Oregon Department of Agriculture market development efforts

In 2012, the Oregon Department of Agriculture calculated the investment and the estimated economic benefits associated with our work to develop markets for fresh Oregon blueberries in Korea. Our work to develop this market occurred over several years, and our total investment has been \$81,090 in staff time, travel, training, and Specialty Crop Block Grant supported activities. Approximately half of this cost was supported with leveraged federal dollars.

Based on the amount of blueberries that we certified for export during 2012 and using the market price, we estimated that the 2012 economic benefit of this work is \$2.34 million in sales. The net present value of the net economic benefits, beginning from the start of our efforts through the year 2021, is \$32.8 million. To calculate this value, we used a 3% inflation rate, assumed 10% growth in sales each year, and assumed a 1% price increase each year.

Based on the economic benefits we reported in our 2010 and 2011 Key Performance Measure Trade Activity reports (\$41.6 million and \$43.6 million, respectively), we calculated the cost-benefit of the ODA's Marketing Program to the taxpayers of Oregon at \$2,475,841 in general fund cost for a benefit of \$85.2 million, a ratio of 34.4 to 1.

3. Statutory authority of Oregon Department of Agriculture to regulate food warehouses

Certain beverage storage facilities in Oregon have food warehouse type licenses with the Oregon Department of Agriculture Food Safety Division. If the primary function of the facility is to warehouse foods, a food warehouse license is issued. A food warehouse may do a minor amount of processing or re-packing and still carry a warehouse license if warehousing is the predominant activity. The department's authority to license these facilities is described in Oregon Revised Statutes Chapter 616, as well as Oregon Administrative Rules 603-025-0140 and 0020. Some facilities may also require a beverage bottling license, which is described in Oregon Revised Statutes Chapter 635 and Oregon Administrative Rules Chapter 603, Division 21.

4. Statutory authority to bring competitors together to bargain

Oregon Revised Statutes 646.736 to 646.739 authorize certain cooperative price negotiation activities. Oregon Revised Statute 646.736 states, "A negotiating committee of dealers, as defined in ORS 646.515(3), that operates in compliance with the provisions of ORS 646.737, 646.738 or 646.739 may not be deemed to be engaged in unlawful restraint of trade or to be participants in a conspiracy or combination to accomplish an improper or illegal purchase or act when the negotiating committee negotiates with a cooperative..." ORS 646.737 authorizes price negotiations for blackberries supervised by the Director of the Oregon Department of Agriculture. ORS 646.738 authorizes price negotiations for grass seed supervised by the Director. ORS 646.739 authorizes price negotiations for seafood supervised by the Director.

If you would like additional information about any of these responses, please contact me. I look forward to continued discussions with you today regarding the Oregon Department of Agriculture's budget.

Sincerely,



Katy Coba
Director